

MINUTES
Recessed Meeting
KITTY HAWK TOWN COUNCIL
Monday, January 25, 2021
Kitty Hawk Town Hall, 9 AM

Agenda

1. Call the Recessed Meeting of January 4, 2021 to Order
2. Capital Improvements Plan FY 2021 to 2026
3. Adjourn

COUNCILMEMBERS PRESENT:

Mayor Gary Perry, Mayor Pro Tem Craig Garriss, Councilman David Hines, Councilwoman Lynne McClean and Councilman Jeff Pruitt

STAFF MEMBERS PRESENT:

Town Manager Andy Stewart, Town Clerk Lynn Morris, Planning Director Rob Testerman, Management Assistant Melody Clopton, Finance Officer Liliana Noble, Police Chief Joel Johnson, Fire Chief Mike Talley and Public Works Director Willie Midgett

1. CALL TO ORDER

Mayor Perry called this recessed meeting of January 4, 2021 to order on Monday, January 25, 2021 at 9 AM.

2. CAPITAL IMPROVEMENTS PLAN FY 2021 to 2026

Stewart: *Today is a capital improvements workshop in advance of the budget work session. We would like to present staff's requests to the town council. I have met personally with all the department heads to discuss their needs. As you know the capital assets or projects are valued over \$5,000 with two or more years of useful life. I encourage the department heads to think and plan out five years. It is a good planning tool for department heads and council.*

The town currently has no general fund debt for existing capital purchases with the exception of the beach nourishment project which I believe our last payment on that will be this year. We have a capital reserve account balance as of 6/30/2020 with \$943,000. These are funds we have set aside throughout the past several years to purchase capital items we know we will need in the future. In 2021-22 we are requesting a total of \$1,330,00 of capital purchases.

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Non-Departmental

We have been setting aside \$5,000 for the past several years for fiber optic cable for our phone systems. They are really old and we have been holding off to see if we can get fiber optic installed which has a better connectivity. Charter has installed some fiber optic in town already and we have switched to that service at the police department. It helps with the upload speeds of files to the D.A.'s office.

Public Works

Every year is a \$20,000 reserve for replacement of the pump and septic system at the town hall. The drain field was inspected in 2020 and it passed so we did not see any need to do that project. It has been pushed back a year. A new cleanout was installed to be able to clean it out quicker when it clogs.

Painting the exterior of the fire department building, \$30,000. The building is going on 15 years, so it is going to need some exterior maintenance. They have done some painting themselves inside the building and that has mostly been taken off the table. We do not need that next year but possibly the following year.

Vehicle replacement(s), \$35,000. We replace these due to wear and tear and being that we are in a salt environment a lot of times rust becomes an issue. In 2021-22 we have budgeted to replace a 2010 F150. The town has a ten year or a 100,000-mile replacement policy. We do not necessarily always replace them at 100,000 or ten years but usually do. It reduces maintenance costs and we have been seeing a decent amount of money for our used cars when we sell them. In '22-23 there is another truck purchase to replace a 2014 Dodge Ram.

The item that has been in the plan for a while is a fuel storage tank replacement. They are old military surplus tanks and we set aside about \$12,000 a year. We look to continue to do that and possibly make a purchase in the next two or three years. There was also some discussion of working with RPC along those lines to utilize their system which we do currently so there may be some other options but for right now we are just setting aside these funds in case we need it.

Perry: *Are you aware that RPC has been sold?*

Stewart: *Yes.*

Perry: *That may change the dynamic.*

Stewart: *We are increasing the boardwalks and docks repairs because the cost of lumber as you know has gone up tremendously. We are setting aside about \$10,000 a year for boardwalks, decks and crossovers in town.*

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Paul Pruitt Park is a highly utilized park and we know that eventually the playground equipment will need to be replaced. It is in decent condition now and for those that do not know playground equipment is fairly expensive. So, we budgeted in '22-23 \$50,000 to replace a piece of equipment and for other upgrades in the park. We recently replaced the merry-go-round and made some other improvements. If we can push that out further, we will depending on the condition of that piece of equipment.

There are some rusted storage containers behind public works. We are budgeting another \$12,000 to remove those. It is not really a capital expense, but it is something I want to bring to your attention. We are going to be removing those containers next year. Have somebody come in and haul them off. They have been used for storage behind public works, but they are starting to rust through the top.

There is \$9,000 for the replacement of a dump trailer.

Something new this year is replacement of the HVAC units for the fire station. Over time they will need to be replaced. Each year we are going to put away about \$5,000.

Public works has requested to begin setting aside funds, \$15,000, for a backhoe replacement. It is going to be 20 years old in 2027.

Garriss: *What do you think the price is going to be for the fuel tank replacement?*

Midgett: *About \$35,000 to \$50,000 is what we are looking at.*

Garriss: *We are close now.*

Stewart: *If you look at the capital improvements plan on page 4 it gives you an idea of the funds we have available. At the end of '20-21 there will be \$41,000 set aside.*

Perry: *Have you ever looked at another surplus tank from the federal government?*

Midgett: *They are hard to come by anymore. It seems like they leave everything in the Middle East, but it is something we can continue to look for.*

Perry: *Backhoe replacement. A backhoe lasts an awfully long time. What makes you think this one will need replacing in that time?*

Midgett: *Maintenance is starting to increase obviously just due to age. This is just really trying to foresee something that could happen in the future. If it is not something we need at the time I have no problem extending it out as long as we can. What we have is still operating fine. Just trying to look to the future.*

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Perry: *If the engine goes bad you can overhaul it. I do not mind you setting money aside, that is always a good thing, but I want us to not think that it is an absolute necessity to replace that kind of equipment. It gets used a lot but not that much. It is not like it is on a road building project where it would really be used.*

I would like to take this opportunity on the fire department interior painting to thank Chief Talley and the fire department people for doing what previously they would not do. That includes painting the fire hydrants. We have come a long way and we have done it with the same number of people we had before, and I want that noted. Thank you and thank them for us because it not only saves us money, but it makes sense, at least from my perspective.

On the drain field. I do not see any mention of the pump. Don't you have to replace that pump?

Midgett: *We will. That is in the projection. It includes the rebuilding of the current pumps or replacement pumps.*

Perry: *Okay. Can you add that, so the record shows we are doing two things because that pump is as important as the drain field and they do go out. I have had to work on them before. It is not pleasant.*

Police Department

Stewart: *You will see in the CIP for the police department we have expenses every year for in-car camera system replacements and bullet proof vests. Some are eligible for grant funding. However, we set aside the funds, \$44,000, in case there are no grants to keep our officers with the most up to date protective equipment.*

This year we are only looking at budgeting for two police cars, \$76,000. We will get a full 10 years or 100,000 miles out of our cars. We have switched from Dodge chargers to Fords. Hopefully, those will be a little bit better police car as far as the motors. We have had a lot of problems with the Dodge chargers and motor issues.

The future police station is something we started budgeting for a couple years back. We started out with the idea we were going to try to fund \$200,000 a year out of the operating funds to set aside to help pay for station. We established this reserve in 2018 and there is currently a balance of \$170,000 in it. For next year I am proposing to put another \$200,000 in that reserve. Because of the covid issues we dropped back and set aside this year \$100,000 just to be on the safe side. So, it is proposed at the end of next year we will have about \$370,000 in that reserve account.

That brings us to the police station and I will have a separate presentation on it if you would like to wait until the end of the meeting.

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Perry: *Actually, that would be a good idea. We have been hit with a fire truck, a police station and beach nourishment is coming up. We kind of need to lump all three of those so we can get a global picture here and make some decisions that will impact the town. Unless someone has something on the police at this point.*

Garriss: *I think it is a great idea. Wait.*

Perry: *Any questions on anything else? This is pretty routine. Do we use body cams now?*

Johnson: *Yes sir.*

Hines: *Joel is all your equipment in good working order?*

Johnson: *It is. Last year we received an \$8,000 grant that allowed us to buy all new body cameras with no expense to the town. We were also able to buy upgrades for our in-car cameras.*

Hines: *Thank you.*

Fire Department

Stewart: *Just like the police department they have equipment that they must keep up to standards to make sure it is safe for our employees like the self-contained breathing apparatus. In 2023-24 we have set aside \$20,000 to purchase more breathing apparatus.*

Gym equipment, \$6,000, originally scheduled for this year was pushed off until 2022-2023. We made a purchase in the last five years of a different type of equipment for the fire department. I think it was a stair stepper which is more in line with what they needed according to the chief.

When the chief was hired he said our bunker gear is expired. We had to make quite a big purchase several years ago and now we plug this into our CIP, \$25,000. In 2022-23 we will be on target to purchase another how many sets?

Talley: *Probably ten sets.*

Stewart: *For the past three years we have been setting aside \$15,000 to purchase training equipment so our firefighters can train while they are on duty at the fire station. The fire chief has brought forth a proposal to construct a container type facility that would house a lot of the training equipment we are going to purchase. He would like to put it where the old public works building is. It is currently dilapidated and really needs to be torn down. He would like to put this type of facility on that existing slab. We will have \$45,000 in reserves next year. The volunteer organization has agreed to pay for any costs more than that amount.*

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Talley: *Good morning. The current structure has kind of run its life out. It has come to a point where we are going to have to do some major repairs or stop using it because of safety. What we would like to do is build a structure like the one shown. Shipping containers have become something that fire service agencies across the US are utilizing. Main reasons are it is safe, strong, it lasts and is inexpensive. If it does go bad it is modular and you can switch them out as you need to. We can construct this the way we want to meet our needs. We have been putting money aside and will have \$45,000 at this point if it is approved. We are estimating it is going to be between \$50,000 and \$60,000 for this project. Anything above and beyond the \$45,000 the association is going to cover and cover the cost for routine, annual maintenance of it.*

I think you know my major priority is training and I think that it is something we need. It is crucial because we really do not have any platforms to train on. I think a prepared firefighter and a trained firefighter is a safer firefighter. There are a considerable number of hours the state mandates that we must get. It is across the board, the types of training, and it makes it difficult when we do not have a platform to train on.

Pruitt: *Recently I noticed an awful lot of training that has started to take place at our fire department. Chief you were telling me it was a countywide training you had this weekend?*

Talley: *Yes sir. We have started bringing more of the state training here. Not only does that help the county but it helps all of us, so we do not have to travel. It opens opportunities. It creates a little more work for us, but I think it is good work because it reinforces some of the things we should stay on top of. We are hoping to develop some instructors.*

Pruitt: *Thank you chief. I appreciate what you are doing. I have seen a lot of improvements in the training going on around the station.*

Perry: *Training never stops. I spent 30 years in the Coast Guard and 15 in the MSC and it never stopped. I got older but the training still went on. It got harder to get in the burning buildings I will tell you that. I thank you for getting the association to chip in and use donated money. I know you did that, and I want the record to show it. Thank you. That is all. We are going to get into the fire truck later right?*

Stewart: *We will do it later. Moving along in the fire department we have the equipment that is needed. This line item is \$25,000 and we have stretched that twice every five years. That will allow the chief to purchase fire hoses, vehicle extrication equipment, air masks, anything that needs to be updated for safety issues. That is something we started in the last five years.*

Planning Department

Stewart: *The planning department has a request in 2022-23 for the purchase of a new truck for the building official. The current truck is a 2010, F150.*

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Powell Bill Funds

Stewart: *These state funds are used to resurface roads in the town. Each year we receive about \$120,000.*

Stewart: *With that being said that is the plan in a nutshell. The two items I would like to discuss further is the police station and another item that has come up. I feel it is a good time to take a look at the purchase of a new fire truck.*

Pruitt: *I am not sure if we have already purchased this, but we were always talking about the compressor to fill the breathing apparatus tanks. Did we purchase a new one or are you using the same one?*

Talley: *We refurbished the current one and trained somebody to service it.*

Pruitt: *That is a great answer chief. Thank you.*

Perry: *Andy under the fire department on page 14 it talks about a vehicle replacement. A 2014 Ford Expedition. Does it belong in that particular section?*

Stewart: *That is the chief's vehicle. It is putting it on the radar when it will be 10 years old or have 100,000 miles in 2025-2026. I try to get the department heads to think about what they are going to need in five years regardless of if we purchase it or not. Let's get it in the plan.*

Perry: *That is fine. I had forgotten about that vehicle. An SUV. No further questions.*

Stewart: *Let's talk about the fire truck first. We have issues with the 1990 fire truck that is approaching 31 years old. The mayor mentioned three or four years ago that we begin to put funds aside because we realized eventually we will need a new fire truck. This truck is perfectly operational right now and we have started to build a reserve. Currently it is around \$254,000. We estimate a new truck will cost between \$650,000 to \$750,000 and so for a budget number I used \$704,000. After talking with Mike, I believe it is the right time to make a purchase given that the interest rates are so low. Take advantage of this opportunity.*

I understand the council has historically liked to pay cash for things. However, we have started to sink some money into this truck every year for it to meet certain standards or else it will affect the ISO ratings. This truck counts toward that score. It is an import piece of equipment. We have gotten rid of one or two other trucks that were there that we really did not need. They were just parked in the fire house, but this is a working truck that we need as a part of our fleet.

I propose financing this project. A loan for \$450,000 over seven years, five years is even a possibility. This allows us to make a purchase now while interest rates are low. We may end up

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paying less in interest than we will to repair it every year if we put \$15,000 into the truck every year.

I would like Mike to come up and explain the current conditions of the truck and some of the expenses and some of the repairs that he has had to put into this 1990 pump in order to keep it in service.

Talley: *This truck has served its purpose. It is going on 31 years old. The fire service industry best practice, if you will, is no longer than 25 years. It should not even go into reserve. It is completely off the floor and we have definitely exceeded that. Right now, we are struggling to keep it certified. In the 2019 – 2020 fiscal year it was downgraded because it failed its certification test. This year we had to make repairs just for it to pass at the downgraded level. When we received this truck it failed on the acceptance test. So, we started off on a bad foot but making it 31 years is saying something. It has definitely served a good life here.*

If we need to add fluid to the motor, we must get the backhoe and lift the cab which is extremely unsafe. We are trying to get that repaired. The problem with getting items on this truck repaired is they just do not make them anymore because the truck is so old. Some of the parts they have to Frankenstein some things together which creates issues. Right now, our vendors are trying to put something together to at least make this functional. This is the third time since I have been here that I have had to try to tackle this problem. We just cannot get it fixed. That is just one of many issues. The truck is in service, it has passed its certification but there are still many things that need to get repaired on it. We are holding off because they are costly. It cannot be downgraded again, or we are going to go below our GPM waterflow for the ratings inspection criteria.

Garriss: *Chief you said the recommended life is 25 years. It is obviously over that and you would not keep it in your reserve. My question is when that truck is replaced, whenever it is replaced, would we be selling it and what is your estimate we could get for it?*

Talley: *I do not have a figure. I can get a ballpark figure.*

Perry: *What did we get for the other one? The telesquirt?*

Talley: *I think it was four or five thousand.*

Perry: *If it is not good for us it cannot be good for anybody else.*

Talley: *A strategy a lot of departments use is not to go beyond 15 years because of the resale value. They get more money back and the money goes into a new truck. It seems costly but you get more money back for a 15-year-old truck and someone else gets 10 more years of use out of it. Something that is already 31 years old no one is really going to purchase it towards putting it into a fleet. The last truck I think a farmer bought it to use to water their fields.*

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Hines: *I think this is a liability. It does not look good.*

McClean: *Is this the main response truck that we see moving all the time?*

Councilmembers replied it is not.

Talley: *I will say this past year this was the primary truck on about three occasions. And that is just because everything aligned, and trucks went down and had to get repairs. Of course, it was only for a day or two we were in that position but this truck at times is the primary truck.*

Perry: *Kill Devil Hills operates with two engines and a ladder. I have always wondered why because they have a lot more infrastructure, bigger buildings than we do and yet we keep being told we must have three engines while they are having two.*

Talley: *My notes show they have the same as us.*

Perry: *They have three engines? Where is the third one?*

Talley: *In the building in the back.*

Perry: *It is a reserve truck?*

Talley: *It is the same as us. They have three pumpers to meet their water flow rating. That one is generally parked in the back. I thought I had notes for the years of their trucks. I cannot seem to find it.*

Perry: *I was told that was used by the reserves for training.*

Talley: *They might term it as a reserve, but it still goes to their flow rating and they use that truck as part of their ratings inspection criteria.*

Perry: *Let's go into ISO rating. Ours is four now right?*

Talley: *Right.*

Perry: *Back in '08 I think it was I did quite a bit of research because we were being pressed for that and people. We kind of got overrun on the people by the ACA and part time being more full time than part time and it just became less cost effective to not just hire some people. With that in mind I found once you get to a 5 rating and above the effect on residential insurance diminishes greatly. I mean it does not make much difference. Beyond that, on the higher numbers of course, it makes a significant difference. So, we need to be aware of that particular fact.*

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I did some more research before we came here today just to make sure I was up to date and a couple of things I noted is ISO rating decreased homeowners' insurance up until 5 and after that it made no difference on homeowners, but it still makes a difference on commercial. To my surprise, there were several, but State Farm stopped using an ISO rating in 2000. I did not know that. So, an ISO rating has its place, and it does have an effect but at some point, it is diminishing.

You, Andy and I got together on the training facility and at that same meeting you were concerned about a deputy chief. We always called it an assistant and you felt like that was an important addition, but I do not see that in this discussion. Is it coming later, or did you drop it?

Stewart: *That will be in the budget. It is personnel.*

Perry: *Let's discuss it now because you are talking about going out and borrowing money and then you are going to come to us and ask for a deputy chief. I have long thought you needed one, but I want it used right and I think you will use it right.*

Mr. A.C. Daniels spoke before council. Is he still there do you know? He was in charge at the state level and I am going to quote from the minutes (10/18/10). "Mr. Daniels reiterated identifying Kitty Hawk's needs for a second fire station and a third engine. However, the biggest issue of concern in the grading process, the one which is going to have a direct bearing on grading, is personnel. Personnel is a statewide problem in that volunteers are not serving as they once did ..." So "... the rating system will grade substantially lower to an unprotected level. It was stressed that response by personnel is an issue which needs to be looked at further by the town."

Also, during various discussions, it was said adding an assistant chief or deputy position will further ensure that the town enhances its rating on the next North Carolina Response Rating System/Public Protection Classification Survey which affects homeowner insurance rates.

If we do not do both which would you consider more important.

Talley: *The fire truck.*

Perry: *But you do not have an assistant. You are here 24 hours, on call, who takes your place?*

Talley: *I think our plan is not to increase the number of personnel. It is to shift them around, so we have a deputy and use an existing position.*

Perry: *Okay. Everybody understand the rating system and how people and trucks and things of that nature affect it?*

Garriss: *You would not be adding a position. You would be reclassifying one that you already have?*

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Talley: *Yes sir.*

Perry: *Do we have just the number of people you need to man those fire trucks? Four, four and four?*

Talley: *In terms of firefighters yes. But it would not affect that count. We would be reclassifying through attrition, reclassifying the fire inspector to a fire marshal/deputy fire chief. That is something similar that is already being practiced here on the Outer Banks.*

Stewart: *There will be an additional expense.*

Perry: *Who will become the code inspector.*

Talley: *It would be the same person. Right now the Town of Nags Head uses that same model.*

Perry: *It is good to ask the questions. I want to hold off on any discussion on whether we borrow money or not. I want to get into looking at beach nourishment, a fire truck, a police station. Thank you chief, do not go away.*

Stewart: *Let's get to the police station and then I will be done with my presentation this morning.*

The maintenance of the current police station's storm related costs has exceeded \$140,000 in the past ten years. Some of the average maintenance costs are about \$15,000 per year. We have replaced a drain field, put a new roof on, put in a new HVAC unit and then some cosmetic remodeling inside. Other things that need to be done is the parking lot. It floods in rain events and water stands in the back which limits some of the parking that we have currently available.

The property that was acquired back in 2017 is at Bennett Street and US 158. We have a site plan that was drafted showing a police station and the smaller building is an EMS/fire substation. The county has agreed to pay the cost of the EMS part.

The original cost estimates for a 55,000 square foot building (a picture of the floor plans was shown on the monitors) and the EMS/fire substation layout is approximately 39,000 square feet so they are saying around \$2.3 million but we know that construction costs have gone up significantly since then. I think that is still on the low side from what I have been seeing in other communities.

Where do we go from here? If the town council decides they want to move forward with the construction the town currently has \$170,000 in reserve as of June 30, 2021.

I talked to Councilman Hines, a builder, and asked him the best route to take. He thought the next step in the process is probably to get a set of construction plans. That way we can get some prices as to what it is going to cost to construct.

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The unassigned fund balance for the town as of 6/30/2020 was \$4,079,047 so by using a million dollars of the unassigned fund balance it would bring that down to \$3 million. This is basically funds in the bank that have not been earmarked for any purpose.

Looking at the option of possibly a two million, 20-year loan while the interest rates are low. We have gone to a couple of banks and gotten interest rates. A \$150,000 a year payment is a good number where I can say the town can safely set aside funds out of the budget each year to pay that debt service. A two-million-dollar, 20-year loan interest rate would be between 1.92 to 3.5 percent. In 2019 the town earned 2.27 percent interest on funds, cash in the bank. Of course, in 2020 interest rates were at an all-time low so we have earned about a 1/4 percent on our investments that we have set aside. The reason I kind of present this number is whatever interest rate we get from the bank, and interest rates are at an all-time low and they could go lower, but whatever interest we are earning in the bank must be really looked at and subtracted from the interest that we are paying on the note.

There could be a potential where the town borrows money today at 2 1/2 percent and then five years from now we are receiving 2 percent on our investment for keeping that money in our account and using the banks money and it turns out to be a 1/2 percent interest. It could be a situation where we end up making money, which I doubt, unless we get a low enough interest rate.

The top of the budget is \$3.1 million for this project, about 20% higher than the 2019 estimate but it could be less of course.

I also recommend increasing the \$3.5 million emergency reserve to \$4.5 million and include a debt service provision in the emergency reserve resolution. This would take an additional million dollars out of the unassigned fund balance and restrict it and only could be utilized by a vote from council. What this does is provide a good cushion to know that we will be able to pay that \$2 million. It also restricts an additional million. Future councils will not be able to take any of that unassigned balance and spend it because it will be in the restricted reserve account. It is almost as if we are going to borrow a million, but we are really going to borrow two million and we are going to restrict a million of that two million as a safety net in that emergency reserve account. It is just an idea. Then of course once the loan is paid off future councils could reduce the amount they have in that emergency reserve.

An estimated timeline to help give direction. By July the council would review and approve the construction plans. In August of 2021 approve construction bids based off those plans or at least get an idea of the actual cost at that point. Then I would anticipate it would be 8 to 10 months of construction, possibly even a year. I am not sure, but we could possibly, if we moved today, we could possibly have it constructed and completed by July 2022. Those dates are all subject to change.

Joel do you have anything you want to say about the police department itself?

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Johnson: *It is definitely useable but anytime we have a rain event, like we are getting ready to have one now, we lose four parking spaces. Many times a year we have to have the septic tank pumped because it rains. That is a continuing issue. We have outgrown it by space too. We are required to retain files and we have filled the attic and we have no space left. We are on top of each other. It would be nice to have something we do not have to worry about when it rains. We go into the season with all hands-on deck inside the building, watching the water come across the road. We have done that several times. We are all standing there wondering if we are going to run everything upstairs.*

I recently pulled one of my filing cabinet drawers out because I dropped something behind it and found mold again. It is from the moisture around that area. It is a constant issue. If you could see the bathrooms too. It has served its purpose, and this is going to be a decision you must make because it is a big expense.

Stewart: *As the chief said it is a big expense. If you look at the plan I presented it is to go ahead and basically pay for the majority of it but restrict a million dollars, an extra million dollars in that emergency reserve, that could go towards an early payment in five years from now on a twenty year loan.*

I do not think we need to restrict ourselves, if the council is going to move forward, to a ten-year loan or anything of that nature. We need to have operating cash to continue to operate on a yearly basis. It would be debt in the general fund, and we do not have any debt now, but we would have the additional million-dollar safety net to pay the loan off later if something terrible happened to the economy or we were unable to make the debt service for some reason. It is something to think about and I am going to turn it back over to you mayor. If I can get more direction from the council, I can present you with more concrete information.

Perry: *Back to the timeline you were giving for procurement and construction, etcetera. The first question I have is putting the extra million into the \$3.5 emergency fund. We first set that up solely for emergencies. We found you must be careful how you word it otherwise you restrict yourself to only being able to use it for a particular purpose. Now you are adding a million and trying to restrict that within the \$3.5 million. Are you sure you can do that?*

Stewart: *Yes. I am pretty sure that emergency reserve could be modified to include and specify what the one million dollars can be used for.*

Perry: *I want you to make sure because that is important. If we put it in there and we cannot get it back out, then what have we done?*

Stewart: *That would all be turnkey verbiage and terminology.*

Perry: *But that is important. Words matter. Can you get construction plans from March 1 to April 5? That is quick.*

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Stewart: *No. My idea was between March and July is when I was hoping to have a set of plans back and I would have an idea of the funds we would need to secure from the bank. I just did not want to go slower in case things change with the interest rates.*

Perry: *I do not think any of us want that. I think we want to know what it is going to cost and then we can go from there. So, the April thing where council approves a financing project you do not yet have the numbers.*

Stewart: *Right.*

Perry: *We all want the police station built. We know it needs to be built. We are in the middle of a pandemic, hopefully coming out of it, but we do not know that yet. We have a federal government that is in dire straits. So, from March until July, if you are getting a procurement for construction and we do not have to decide on actually financing the project until July, I am on board with it. That gives us time to see what this country is going to do without committing to borrowing money. We just we need this country to settle down for six months.*

We also have to bear in mind one other thing. You want a fire truck; we have beach nourishment coming in at around \$4.5 million. We do not know the figure on that yet simply because construction costs there seem to be escalating. I am sure they are not going to go down because there are only a certain number of companies that even are available to bid. A police station at \$3 million. So, we are talking close to \$8 million by the time you figure up what we are looking at in this year to finance. At what point does the Local Government Commission say the little Town of Kitty Hawk has reached its limit and we will not let you do one, two or three? Everybody understand what the Local Government Commission does? We had a hold up when we were trying to do beach nourishment because we lacked one item and we were running up a timeline at that point. We got it done but it took a lot of doing. So how do we know, looking at the whole picture, what would happen with the Local Government Commission approving it. Do you know that answer?

Stewart: *I do not know. I think they look at the financial health of the town and then base their decision to approve the financing proposal. They are like the oversight committee to make sure we are not ...*

Perry: *They make sure you get an audit to make sure you can pay it back. And that is my point.*

Stewart: *I will say in our particular case if they have an issue with anything, we are in a lot better financial position than a lot of other towns in North Carolina.*

Perry: *I understand that. I do.*

Stewart: *But they would still need to go through the process. You are correct.*

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Perry: *Council I am going to stop before we make any decisions. Do you have anything?*

Garriss: *I think the justification is there. I agree with everything you just said Mr. Mayor. The key player in this thing is the current interest rates. The longer we wait who knows what those interest rates are going to be. And we are not even close to deciding.*

I suggest that Andy, Chief Johnson, and Councilmember Hines meet and come up with a plan of exactly what we want. Then we get a price. We cannot make a decision until we know what it is going to cost. That is something we can go ahead and be doing whether we approve it or not. I know we have a lot of big projects going on here but the longer we wait the more it is going to cost us. The situation in our current police station is not going to improve. My suggestion is we proceed locking down on a plan and get a cost. What is it going to cost us?

Stewart: *We have spent the money on the floor plan, the layout. We worked with the county EMS, the fire and police chief so at this point we just need a set of plans. David said those plans are good until we are ready to construct the building. It is probably worth it at this point to have the plans and then see what the costs are. If we move forward with a set of plans, then our next step is hiring someone to construct it.*

Garriss: *We do not need to do what we did with the Bath House I know that.*

Stewart: *No. We are just looking to get a set of construction drawings and the idea is to sort of make it uniform with some newer construction along US 158 like the Outer Banks Urgent Care. It does not have to look exactly like that but keep a similar theme to what has already been constructed. I am hoping to get somebody that can design a decent looking building and then have somebody like David help us eliminate anything that is unnecessary before we put it out to bid and get prices on it. I think that is going to save us a lot of money. That is what I will bring back before the council.*

Garriss: *Good plan and do not forget those interest rates.*

Perry: *Do you want to make a motion?*

MPT Garriss made a motion that staff proceed with some construction plans for the future police department building, to get quotes and prices and bring it back to council at a future date. Councilman Hines seconded and it passed unanimously, 5-0.

Hines: *We need to make sure we stay on top of this. Stay on top of the people with the plans whoever you decide to use. There should not be a big timeline to get all that done. If you need me to help let me know.*

Stewart: *There may be a process that we have to go through to acquire engineered drawings but we do have \$170,000 set aside.*

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McClean: *We need to bear in mind we want the commonsense approach to everything. We do not need to be a showcase for the most innovative, new techniques in whatever. We need to be conservative and common sense.*

Hines: *I think you can get that this go around because when numbers start to come in, I will know if they are good or not.*

Pruitt: *I have one more question. When you talk about the station are, we including the cost of the computers and equipment that is going to be brought into the building? Or are we just talking about the structure?*

Stewart: *Just the cost per square foot. There will be additional expenses for furniture, computers, running the wires for internet, security.*

Pruitt: *Is there a way we could get a rough idea of that cost. We have this much in the building and this much in getting it operating. We will have an idea of how much it is going to cost the town to have it completely up and running. Just a ballpark, an estimate.*

McClean: *We can also search for grant funding to help with some of those wires and things that we are going to be pulling. Possibly someone will have some money to offer us.*

Stewart: *Our computers are handled by Shoshin. We have a technology agreement and council does not have to hear about servers and all that, \$12,000 here and there for stuff. Unless you are an IT person you have no clue. That has worked out well. They will be able to help us through the transition for IT. I am sure there are other additional expenses we will need to look at but once we get a set of construction drawings, we will factor that in and bring it back to council.*

Perry: *Let's come back to the fire truck. Given everything we are facing I am not ready to borrow money on a fire truck at this particular point. I certainly agree with putting money aside another \$200,000 or more if you have it available. I am willing to go there but right now I am willing to take my chances on whatever downgrade we have in the sense that we understand how the rating system works and how it affects individual taxpayers. But we only have a fire crew for one engine, you must take that into account. I am not ready to borrow money on this. Council speak up please.*

Pruitt: *I would really like to see the virus gone before we borrow money or at least under control better. I agree we have been stuck with this fire truck since 1990. Failed day one. We accepted it for some reason, and it has been a thorn in our side ever since so we need to keep budgeting and if it seems like this is going to go away then we can come back and borrow the money if interest rates go lower. I am willing to replace the truck. I think we need to start thinking about getting rid of it. I am in the same boat with Gary. If we had two things on us it would be one thing but the combination of all three is a lot of weight. I do not want to someday question what we have done here. Put the town or our residents in any kind of a bad way. That is how I feel.*

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Garriss: *I agree with Jeff and Mr. Mayor.*

McClean: *I am on board. I want to see the fire equipment be what we need but we have priorities and replacing it immediately was kind of not on our list until today. Let's work on getting a little firmer foundation on that money and then see what happens. I am sorry chief, but you need to go ahead and shore it up a little bit here.*

Stewart: *The chief was prepared to try and stretch it out but me knowing the math made it work out.*

McClean: *It is good to know it is a priority.*

Stewart: *For me it was more a financial decision. It is not something that is going to go away and it is not something that is going to last. Maybe it will last another ten years but my reasoning was more from a financial standpoint. But it is a burden, and it is something the town has to pay on a yearly basis until the note is paid for.*

McClean: *We know it is coming.*

Hines: *I think it is a liability. It is old and I think it needs to be a priority to be fixed. I do not disagree with what everybody else has said though. I mean to have to use a backhoe to maintain it is not safe. At what point does it become a massive liability to the town. Something happens or there is an accident when we know about it so ... a truck that old is, and I understand it is not the primary truck, but if I understand it is used from time to time as a primary vehicle?*

Talley: *Yes sir.*

Perry: *David are you saying hold off for now and put aside money? Or borrow the money?*

Hines: *No. I am agreeing with everyone. I just want everybody to realize, and I know everybody realizes it, but it is a big deal to me from a liability standpoint. I just want everyone to have the equipment that keeps safety and life good. Whenever you get into police and fire and even ocean rescue, I just want to make sure everybody has the best we can give them and to the residents of Kitty Hawk. I mean safety is paramount to me. That is all I am saying. I do not disagree that we can wait.*

Pruitt: *I think after we get the price of the police station, the cost of beach nourishment, then we could say heck let's go ahead and borrow that money.*

Stewart: *The chief has been preparing to drag this out as long as he can.*

Pruitt: *But I do not want to drag it out. I agree with David 100%. This truck needs to be replaced and the sooner the better. As soon as we are comfortable, and you seem to feel comfortable right*

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now which makes me feel better, and so hopefully if the virus or something calms down, I would feel ready to move forward.

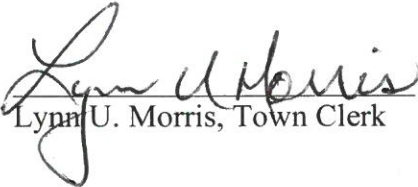
Perry: *So, we are going to hold off on the truck. We are going to get information on what the cost might be for the police station. We know we have beach nourishment in the works, that is ongoing. And the rest of it fits in your proposed budget. Is that correct?*

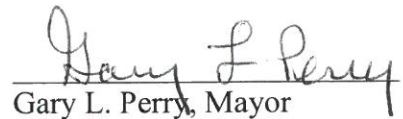
Stewart: *Yes sir. Unless something changes.*

3. ADJOURN

Mayor Perry made a motion to adjourn. Councilwoman McClean seconded and it passed unanimously. The vote was 5-0. Time was 10:33 a.m.

These minutes were approved at the April 6, 2021 council meeting.


Lynn U. Morris, Town Clerk


Gary L. Perry, Mayor